The Dun & Bradstreet Corporation

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# The Dun & Bradstreet Business Expectations Survey

Prepared by the Economic Analysis Department

News

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For Immediate Release

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## THIRD QUARTER BUSINESS EXPECTATIONS REMAIN BUOYANT

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## OUTLOOK FOR PROFITS IMPROVES; FEWER EXECUTIVES NOW EXPECT INCREASES IN SELLING PRICES AND INVENTORIES

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NEW YORK, July 9--Despite fluctuations in federal economic statistics and mixed forecasts from analysts, the nation's business leaders remain highly optimistic about business activity in the third quarter, according to The Dun & Bradstreet Corporation's latest quarterly nationwide survey of 1,400 business executives.

"The current survey results indicate that expectations for higher sales and profits remain strong," said Joseph W. Duncan, corporate economist and chief statistician for The Dun & Bradstreet Corporation. "In addition, the percentage of executives expecting higher prices fell, providing further evidence that inflation remains firmly under control," he added.

Mr. Duncan noted that expectations for increased inventories also dropped, suggesting that business leaders are continuing to keep a tight rein on inventories, despite their optimistic outlook for sales and profits.

In regard to employment, optimism also declined somewhat in the latest survey. These results suggest that the growth in employment may finally be leveling off after two years of dramatic increases.

In the survey, Dun & Bradstreet asked executives if they expected increases, decreases or no changes in third quarter sales, profits, prices, employment, inventories and new orders.

Of the executives surveyed, 74 percent said they expect increased sales in the third quarter, down slightly from 75 percent in the second quarter (see Table 1). A breakdown of the results by industry sector showed that retailers were the most optimistic, with 77 percent forecasting gains in sales. Although non-durable goods manufacturers were the least optimistic, 71 percent still expected increased sales.

The overall outlook for increased profits rose slightly in the third quarter, with 68 percent of the firms expecting gains versus 67 percent in the second quarter. Again, retailers expressed the most optimism, with 70 percent forecasting increases.

Expectations for higher prices fell 5 percentage points to 36 percent from 41 percent in the second quarter. The sharpest decrease occurred among manufacturers. In the second quarter, 46 percent of the non-durable goods manufacturers surveyed forecast an increase in prices, while only 30 percent expect mark-ups in the third quarter.

The percentage of firms planning to build their inventories also declined in the latest survey. Among all firms, 39 percent forecast an increase in inventories in the third quarter, compared with 41 percent in the second quarter. The decline in inventory expectations was virtually uniform across all industry sectors. Moreover, the percentage of firms planning to cut their inventories increased to 16 percent from 12 percent in the last quarter.

The percentage of firms planning to add workers also fell in the third quarter survey, with 25 percent of all firms planning to add workers versus 28 percent in the second quarter. In addition, the percentage of companies planning to reduce their staffs increased to 7 percent from 4 percent in the last quarter.

Among manufacturers, the percentage of firms expecting increases in new orders dropped 5 percentage points to 69 percent from 74 percent in the preceding quarter. The percentage of manufacturers expecting declines in new orders, however, remained steady at 5 percent.

The accompanying graphs illustrate Dun & Bradstreet's quarterly optimism indices of sales, profits and employment (the percentage of respondents expecting increases minus the percentage expecting decreases) for the period 1980 through the third quarter of 1985. While these indices have declined from the near-record levels reached in 1984, optimism in the first three quarters of 1985 has remained high relative to trends in the index in recent years.

The Dun & Bradstreet Corporation is the world's largest producer and disseminator of business information and related services, with worldwide operating revenues of nearly $2.4 billion in 1984.

(See Attached Tables)

TABLE 1

SURVEY OF BUSINESS EXPECTATIONS
Conducted by Dun & Bradstreet

WHAT BUSINESS EXECUTIVES EXPECT FOR THE
THIRD QUARTER OF 1985 COMPARED WITH THE THIRD QUARTER OF 1984

[Interview Period: May 13 to 24, 1985]

| | | All Firms | All Manufacturers | Manufacturers Durables | Manufacturers Non-Durables | Wholesalers | Retailers |
|---|---|---|---|---|---|---|---|
| | Number Reporting: | 1,358 | 532 | 374 | 158 | 422 | 404 |
| Net Sales | % Expecting — Increase | 74% | 72% | 73% | 71% | 73% | 77% |
| | % Expecting — No Change | 20% | 22% | 22% | 22% | 21% | 17% |
| | % Expecting — Decrease | 6% | 6% | 5% | 7% | 6% | 6% |
| | Number Reporting: | 1,316 | 514 | 361 | 153 | 409 | 393 |
| Net Profits | % Expecting — Increase | 68% | 66% | 67% | 63% | 68% | 70% |
| | % Expecting — No Change | 26% | 27% | 26% | 30% | 25% | 25% |
| | % Expecting — Decrease | 6% | 7% | 7% | 7% | 6% | 5% |
| | Number Reporting: | 1,315 | 518 | 364 | 154 | 400 | 397 |
| Selling Prices | % Expecting — Increase | 36% | 33% | 35% | 30% | 39% | 37% |
| | % Expecting — No Change | 60% | 63% | 61% | 67% | 55% | 60% |
| | % Expecting — Decrease | 4% | 4% | 4% | 3% | 6% | 3% |
| | Number Reporting: | 1,334 | 519 | 365 | 154 | 414 | 401 |
| Inventories* | % Expecting — Increase | 39% | 40% | 42% | 34% | 36% | 40% |
| | % Expecting — No Change | 45% | 43% | 41% | 50% | 48% | 44% |
| | % Expecting — Decrease | 16% | 17% | 17% | 16% | 16% | 16% |
| | Number Reporting: | 1,351 | 532 | 373 | 159 | 420 | 398 |
| Employees* | % Expecting — Increase | 25% | 31% | 33% | 25% | 20% | 20% |
| | % Expecting — No Change | 68% | 61% | 59% | 67% | 74% | 74% |
| | % Expecting — Decrease | 7% | 8% | 8% | 8% | 6% | 6% |
| | Number Reporting: | | 518 | 385 | 154 | | |
| New Orders | % Expecting — Increase | | 69% | 70% | 68% | | |
| | % Expecting — No Change | | 26% | 26% | 26% | | |
| | % Expecting — Decrease | | 5% | 4% | 6% | | |

* End of Quarter

# Business Expectations — Sales

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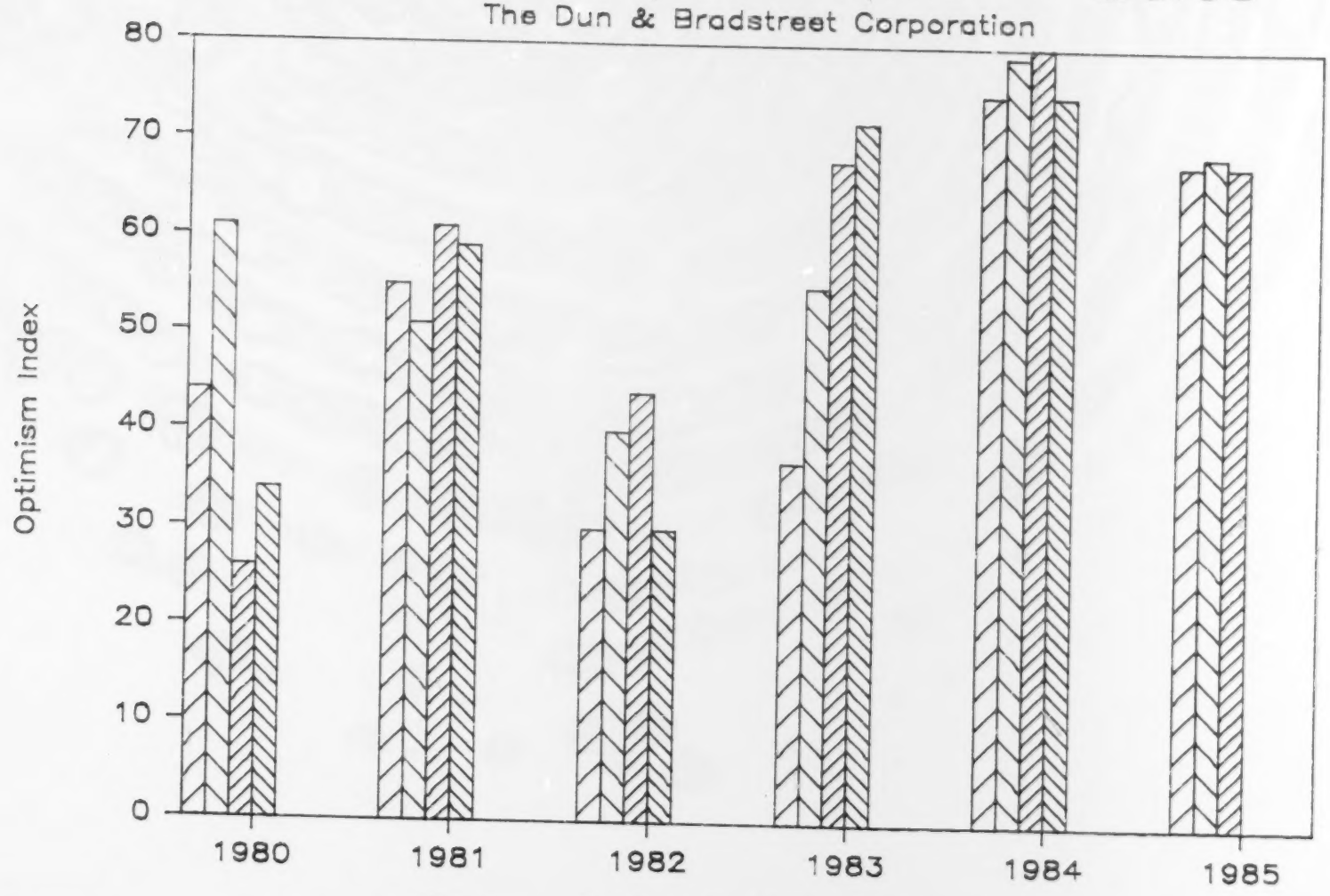
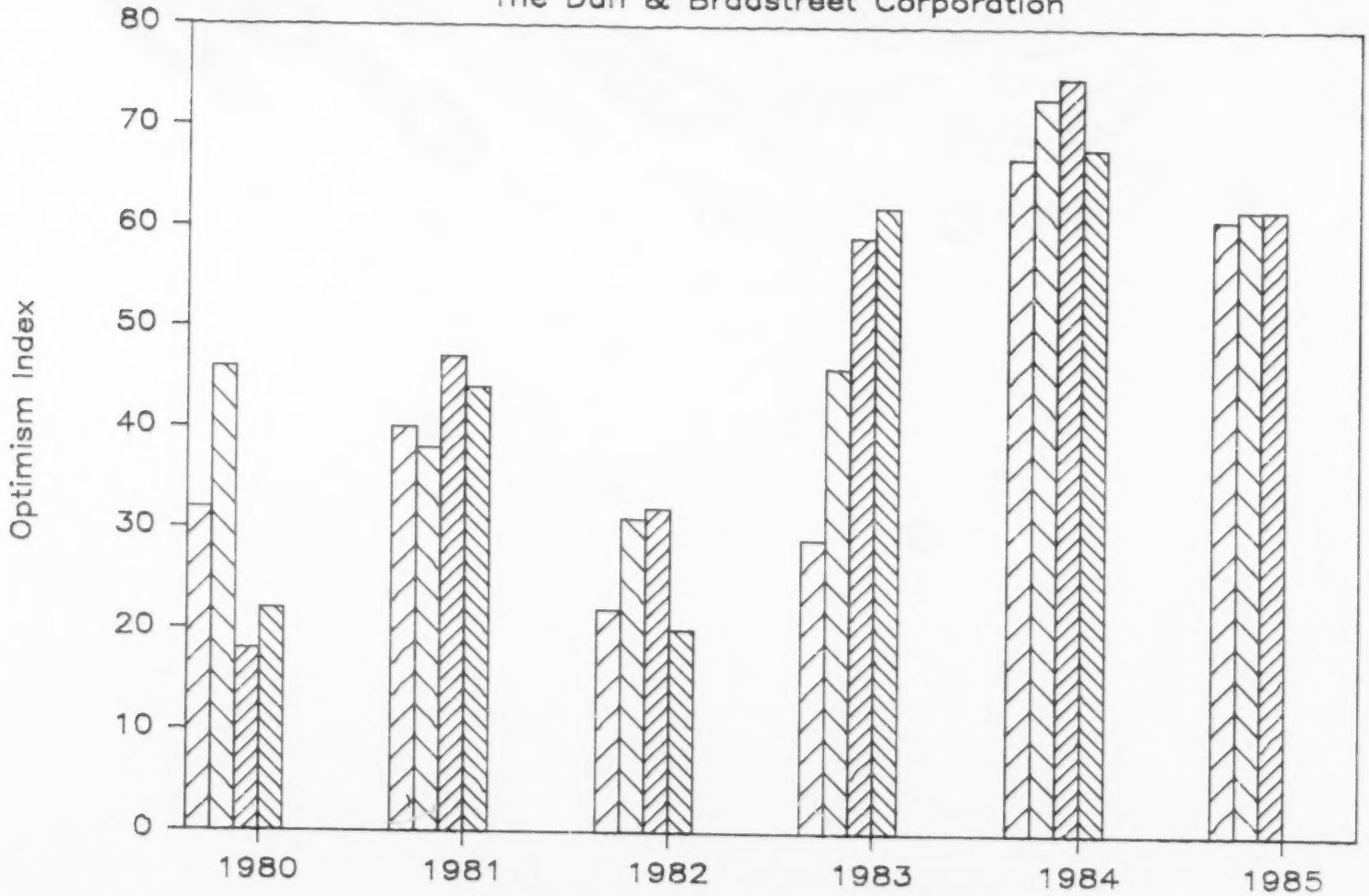



Source: Economic Analysis Department

# Business Expectations — Profits

The Dun & Bradstreet Corporation




Source: Economic Analysis Department

# Business Expectations — Employment

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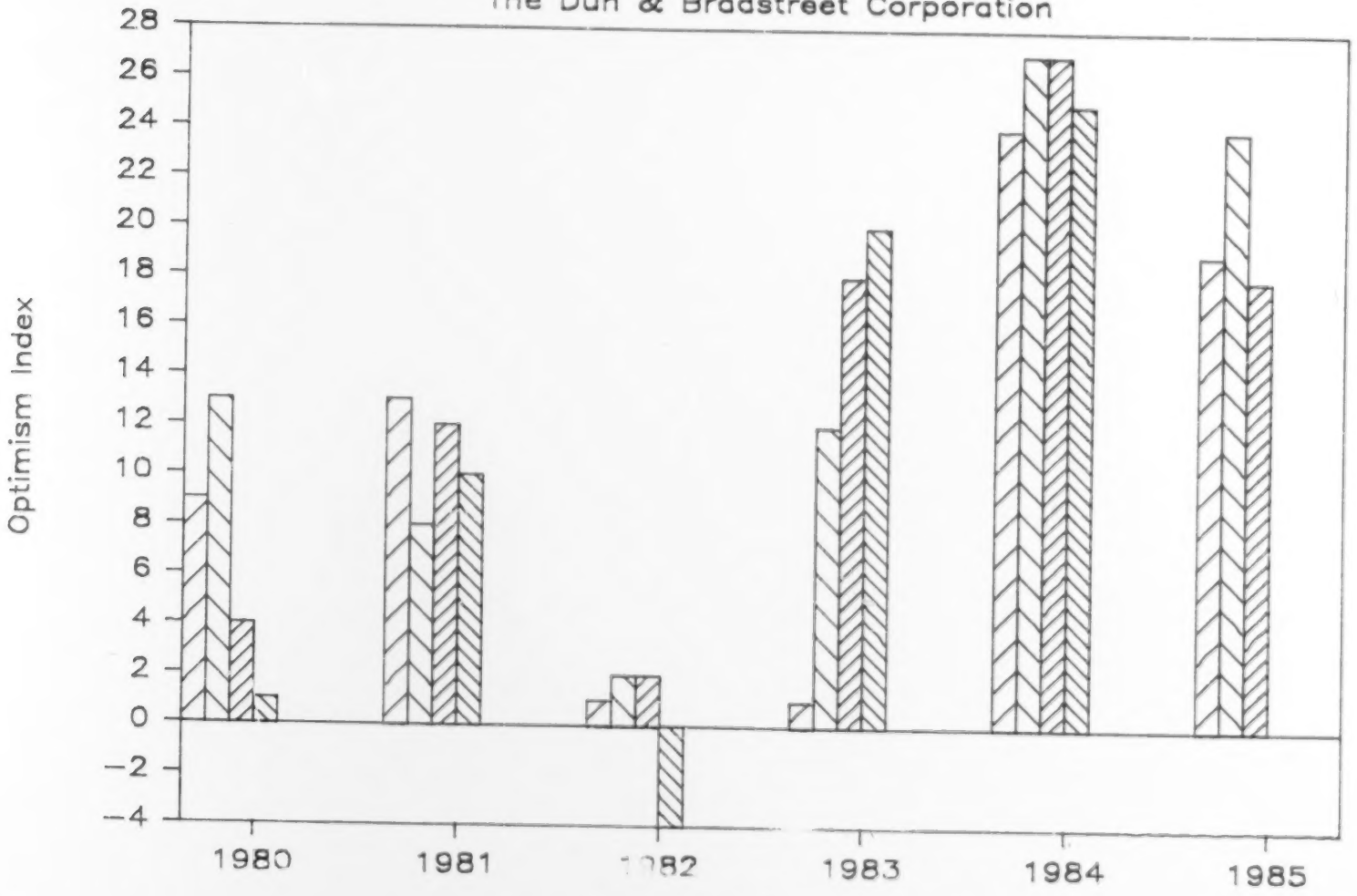


Source: Economic Analysis Department

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